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February 25, 2005

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VIA FEDERAL EXPRESS

#7914-8967-5975

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

FEB 28 2005

PUBLIC SERVICE
COMMISSION

**RE: *In the Matter of the Investigation Into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator*
Case No. 2003-00266**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Reply to the Midwest Independent Transmission System Operator, Inc.'s Response to Motion in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,


Kendrick R. Riggs

KRR/ec
Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 28 2005

PUBLIC SERVICE
COMMISSION

In the Matter of:

INVESTIGATION INTO THE)	
MEMBERSHIP OF LOUISVILLE)	
GAS AND ELECTRIC COMPANY)	
AND KENTUCKY UTILITIES)	CASE NO. 2003-00266
COMPANY IN THE MIDWEST)	
INDEPENDENT TRANSMISSION)	
SYSTEM OPERATOR)	

REPLY AND OBJECTION OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY TO
THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.'S
RESPONSE TO LG&E/KU'S 2/23/05 MOTION

Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, the "Companies") hereby reply to the Midwest Independent Transmission System Operator, Inc.'s ("MISO") February 25, 2005 Response to the LG&E/KU 2/23/05 Motion ("Response") and object to MISO's proposed revision to the procedural schedule contained therein. The Companies instead move the Commission to adopt the proposed procedural schedule set out herein. In support of their objection and motion, the Companies state as follows:

The Companies do not object to MISO's filing by March 3 new testimony in this proceeding to correct MISO's admitted error concerning the Wilson unit, provided the Companies, their counsel and expert receive the testimony and complete work papers on March 3 as well. The Companies however, do object to any further alteration of the current procedural schedule that delays the hearing beyond March 29-30, 2005, which are the dates the Commission has currently established. The Companies move the Commission to adopt the proposed procedural schedule set out below, which allows MISO to file its corrected cost-benefit study on

March 3, 2005, as it has requested in its Response, and allows the hearing to proceed as currently scheduled:

MISO shall file any additional rebuttal testimony and all work papers in verified prepared form no later than:	3/3/05
The Commission, LG&E/KU, and the intervenors submit Data Requests to MISO no later than:	3/10/05
MISO files responses to all Data Requests no later than:	3/17/05
LG&E/KU shall file any additional supplemental rebuttal testimony in verified prepared form no later than:	3/24/05
Public hearing shall begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky:	3/29/05 - 3/30/05

This proposed procedural schedule is nearly identical to the one MISO proposes in its Response (with the exception of a round of discovery for MISO, discussed below, and the hearing dates), and so should be agreeable to MISO.

MISO also has stated no convincing reason why the Commission should extend the hearing dates in this proceeding into the last week of April in order to allow MISO a round of unnecessary discovery on the Companies' rebuttal testimony. The Companies are willing to provide all work papers and other documents supporting their rebuttal testimony concurrently with the filing thereof.

The Companies also note that MISO is not in a position to argue that equity and fairness entitle it to one more round of discovery, as it is MISO's late filing of its cost-benefit study, compounded by MISO's repeated errors, which have necessitated altering the procedural schedule in this case yet again. The Companies' Additional Supplemental Rebuttal testimony

will address MISO's *additional corrected* cost-benefit studies and therefore, with the production of any supporting work papers, no discovery on this additional supplemental rebuttal testimony should be required or permitted. In fact, MISO already was permitted discovery on the Companies' Supplemental Rebuttal Testimony filed January 10, 2005 through some 50 data requests submitted January 20 and 26, 2005. The Companies filed their responses on February 1, 2005. Since then, MISO has attempted, but failed to correct the errors in its cost-benefit study with its Additional Supplemental Rebuttal testimony filed on February 21, 2005. As a consequence, MISO now needs to file yet another cost-benefit study to correct the same errors. The Companies Additional Supplemental Rebuttal Testimony will address the corrected inputs to MISO's Cost-Benefit analysis. In truth, the Companies cannot conceive of an equitable or fairness objective that would be achieved by permitting additional discovery at this time. MISO has had more than ample opportunity to obtain all the discovery it needs. There is therefore no reasonable ground for MISO's request for such discovery, which would serve only to further delay this proceeding.

A further delay for unnecessary discovery would serve no positive purpose for the Companies, the Commission or the Companies' customers. The Companies note that MISO's proposed dates for rescheduling the hearing in this proceeding -- the week of April 25-29, 2005 - - conflicts with the rate case hearing for Kenergy Corporation that the Commission has scheduled for April 26, 2005. The Companies further note that the hearing in their environmental surcharge proceedings is scheduled to begin May 10, 2005. Granting MISO's motion will extend this investigation into late May at the earliest. Such a delay is unwarranted under the circumstances.

WHEREFORE, the Companies respectfully request that the Commission deny the request for an extension of the procedural schedule contained in MISO's Response. The Companies further move the Commission to enter an order modifying the current procedural schedule in this case as set forth above.

Dated: February 25, 2005

Respectfully submitted,


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Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Objection was served electronic email and via U.S. mail, first-class, postage prepaid, this 25th day of February 2005, upon the following persons:

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Benjamin D. Allen
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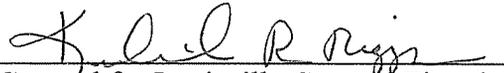
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